



The Daily

Statistics Canada

Monday, March 17, 2003

Released at 8:30 am Eastern time

MAJOR RELEASES

- **Leading indicators, February 2003** 2
The composite leading index in February posted its largest increase in seven months, up 0.3%, driven by renewed vigor in housing-related demand.
- **Workplace and Employee Survey: Do innovative work practices reduce labour turnover?, 1999/2000** 4
A new study has found only moderate support for the notion that innovative work practices, such as teamwork, job rotation and profit-sharing, reduce employee turnover.

OTHER RELEASES

- Monthly Survey of Large Retailers, January 2003 6
- Restaurants, caterers and taverns, January 2003 6
- Employer pension plans (trusteed pension funds), third quarter 2002 7
- Small area retail trade estimates, 2000 7

NEW PRODUCTS



MAJOR RELEASES

Leading indicators

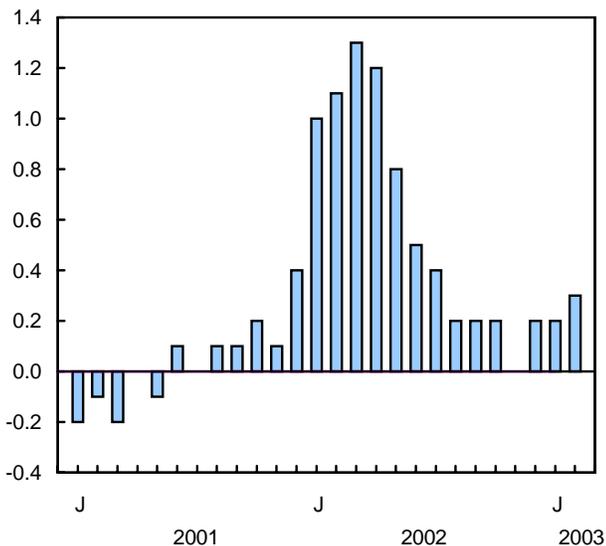
February 2003

The composite leading index in February posted its largest increase in seven months, up 0.3%, driven by renewed vigor in housing-related demand. Overall, five components were up (two more than in January), three fell and two were unchanged. The growth of the leading index was hampered through most of 2002 by a bear market for stocks and a slumping US economy, culminating in no growth in November. It picked up to 0.2% in December as domestic demand strengthened, and its growth in January was revised up from 0.1% to 0.2%.

Housing rebounded strongly in February after a brief dip the month before, aided by another drop in the number of unsold vacant units. The increase was boosted by the volatile multiple units component, which, despite cold weather, nearly doubled to regain its highest level since the late 1970s. Starts of single-family homes recovered almost all of their retreat in January. Spurred by the gains in housing, furniture and appliance sales recorded their largest increase in nine months.

Composite Index

Smoothed % change



Of the three manufacturing components, two trended down: new orders for durable goods and the ratio of shipments to stocks. These largely reflect cuts in the auto and computer and electronic sectors in response to weak exports.

The US leading indicator began the new year with a 0.1% increase, but, unlike Canada, there were only limited gains outside of the financial market components. The increase in building permits was confined to single-family homes, where, unlike Canada, growth in demand was partly at the expense of multiples.

Available on CANSIM: table 377-0003.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 1601.

A more detailed analysis of the components is available on Statistics Canada's website (www.statcan.ca). From the *Canadian statistics* page, choose *Economic conditions*, then click on the banner ad for *Canadian economic observer*. From that page, choose *Issues of CEO*, then *Composite Index*. For more information on the economy, the February issue of *Canadian economic observer* (11-010-XIB, \$17/\$170; 11-010-XPB, \$23/\$227) is now available. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Francine Roy (613-951-3627), Current Economic Analysis Group. □

Leading indicators

	September 2002	October 2002	November 2002	December 2002	January 2003	February 2003	Last month of data available % change
Composite leading indicator (1992=100)	178.9	179.3	179.3	179.7	180.0	180.6	0.3
Housing index (1992=100) ¹	125.9	127.1	128.6	128.6	128.0	136.6	6.7
Business and personal services employment ('000)	2,546	2,554	2,566	2,584	2,598	2,612	0.5
S&P/TSX stock price index (1975=1,000)	6,840	6,558	6,443	6,445	6,437	6,512	1.2
Money supply, M1 (\$ millions, 1992) ²	110,102	111,141	111,438	110,974	110,980	110,938	0.0
US composite leading indicator (1992=100) ³	110.2	110.2	110.0	110.0	110.0	110.1	0.1
Manufacturing							
Average workweek (hours)	39.2	39.2	39.2	39.2	39.2	39.2	0.0
New orders, durables (\$ millions, 1992) ⁴	22,082	22,170	22,039	21,920	21,777	21,555	-1.0
Shipments/inventories of finished goods ⁴	1.80	1.81	1.80	1.79	1.78	1.76	-0.02 ⁵
Retail trade							
Furniture and appliance sales (\$ millions, 1992) ⁴	1,783	1,789	1,795	1,804	1,813	1,832	1.1
Other durable goods sales (\$ millions, 1992) ⁴	7,683	7,676	7,659	7,686	7,645	7,639	-0.1
Unsmoothed composite leading indicator	179.2	179.4	180.0	180.8	180.5	182.6	1.2

¹ Composite index of housing starts (units) and house sales (multiple listing service).

² Deflated by the Consumer Price Index for all items.

³ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the month immediately preceding.

⁴ The figures in this row reflect data published in the month indicated, but the figures themselves refer to data for the second preceding month.

⁵ Difference from previous month.



Workplace and Employee Survey: Do innovative work practices reduce labour turnover?

1999/2000

A new study has found only moderate support for the notion that innovative work practices, such as teamwork, job rotation and profit-sharing, reduce employee turnover.

For instance, the report found almost no evidence that such innovative work practices reduce employee turnover in the manufacturing sector. Workplaces using innovative work practices were no more successful than others in retaining their employees.

On the other hand, establishments in the services sector that employed a highly skilled workforce, and used some innovative work practices, did retain a greater proportion of their employees than others.

These establishments included, among others, those operating in telecommunications, finance, insurance, and professional, scientific and technical services. In 1999, those which had teamwork and profit-sharing plans lost about 4% of their employees through resignations. In contrast, those with no innovative work practices lost a much greater proportion of their employees, about 16%.

The study, based on data from the 1999/2000 Workplace and Employee Survey (WES), was the first in-depth attempt to examine which work practices, if any, might be used to reduce employee turnover in Canada.

Over the last decade, several studies have attempted to assess whether innovative work practices improve labour productivity, increase profitability and reduce labour turnover. The general assumption was that there exists a set of "high performance" work practices which improve workers' well-being, increase their productivity and reduce employee turnover.

This issue is of growing importance, given the aging workforce in Canada and in many member nations of the Organisation for Economic Co-operation and Development, and given the resulting need for many businesses to retain key employees.

Lower turnover in service industries with high-skilled workforce and some innovative practices

The study analysed labour turnover in three sectors: manufacturing, high-skilled services and low-skilled services.

Firms with innovative work practices in the highly skilled service sector generally had lower employee

Note to readers

This release is based on analysis in a research paper titled *Alternative work practices and quit rates: Methodological issues and empirical evidence for Canada, available today.*

The study uses data from the 1999/2000 Workplace and Employee Survey (WES). This survey collects a broad range of information on a sample of employers and their employees. It aims to shed light on the relationships between competitiveness, innovation, technology use and human resource management on the employer side, and technology use, training, job stability and earnings on the employee side.

The WES covers all industries except farming, fishing, hunting, trapping and public administration. All numbers presented in this release refer to profit-oriented establishments of more than 10 employees operating in these industries.

In this release, the terms **labour turnover** and **quit rates** are used interchangeably and refer to the number of resignations observed in a workplace between April 1, 1999 and March 31, 2000, divided by the average level of employment of this workplace during this period.

For simplicity, **profit-sharing** is used in a broad sense to refer to either profit-sharing plans or productivity/quality gain-sharing plans. The term **no innovative work practices** refers to workplaces which have none of the six following practices: problem-solving teams, self-managed teams, flexible job design (for example, job rotation and broadened job definitions), profit-sharing or productivity/quality gain-sharing plans, merit pay or skill-based pay, and formal training on teamwork.

Teamwork refers to problem-solving teams or self-managed teams. Furthermore, the year 1999 refers to the period from April 1, 1999 to March 31, 2000.

turnover than others. However, a quite different pattern was found in manufacturing.

Average quit rates of establishments 1999

	Industry			
	Manufacturing	High-skilled services	Low-skilled services	All industries
	%			
Innovative work practices				
Teamwork and flexible job design	12	3	14	12
Teamwork and profit sharing	14	4	13	11
Teamwork and merit pay/skill-based pay	13	4	13	10
Teamwork and formal training on teamwork	16	6	15	13
No innovative work practices	11	16	19	16

In manufacturing, establishments which had innovative work practices did not have lower labour turnover than others. For instance, manufacturing plants which combined teamwork and profit sharing

lost 14% of their employees, compared with 11% for plants with no innovative work practices.

The study also found some evidence that, in the low-skilled service sector, workplaces that had teamwork and profit-sharing plans retained a greater proportion of their workforce than other establishments.

These establishments included, among others, those operating in retail trade, wholesale trade and consumer services. In 1999, those that combined teamwork and profit sharing lost 13% of their workforce. On the other hand, those with no innovative work practices saw 19% of their workforce leave.

However, the gap between these two types of workplaces fell substantially after taking into account the fact that many establishments with teamwork and profit sharing also had a formal policy of sharing information with their employees, which is generally associated with lower turnover.

In the two other sectors, high-skilled services and manufacturing, the presence of information-sharing policies did not affect the relationship between innovative work practices and labour turnover as much.

Factors behind these different patterns largely unknown

The reasons for these different patterns across the three sectors are currently unknown. The fact that highly-skilled service industries pay relatively high wages must be ruled out since the study took this factor into account.

One possible explanation is that innovative work practices might be more successful in reducing labour turnover in firms which employ a highly skilled workforce, have jobs requiring strong conceptual and analytical skills and de-emphasize repetitive tasks.

In the highly skilled service industries, 31% of employees had a university degree, almost twice as much as the average of 16% for the private sector.

Formal policies of sharing information may reduce a worker's uncertainty about a firm's performance, or

future organizational changes and thus may also help employers retain workers.

However, although the study found that workplaces using such policies had much lower labour turnover than others in low-skilled services, this pattern was less pronounced in high-skilled services and even weaker in manufacturing.

Few firms use innovative work practices in tandem

Over the last decade, some observers have contended that using only one innovative work practice is not sufficient to reduce employee turnover. It has been generally argued that firms must combine several human resource practices to retain a greater proportion of their workforce.

For instance, it is often assumed that teamwork will induce greater effort among workers only if combined with pay schemes that reward high performance, such as productivity/quality gain sharing plans.

However, the study shows that few establishments combine innovative work practices on a formal basis.

While 25% of workplaces had some form of teamwork in 1999, about one-third had flexible job design. Slightly more than 20% had profit sharing plans for some of their non-managerial employees. However, only 6% combined these three practices.

This finding is important because it suggests that either a minority of businesses find it profitable to formally adopt combinations of these practices, or that several workplaces do so, but perhaps on an informal basis.

The research report *Alternative work practices and quit rates: Methodological issues and empirical evidence for Canada* (11F0019MIE, no. 199, free) is now available on Statistics Canada's website (www.statcan.ca). From the *Our products and services* page, under *Browse our Internet publications*, choose *Free*, then *Social conditions*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact René Morissette (613-951-3608), Business and Labour Market Analysis Division. ■

OTHER RELEASES

Monthly Survey of Large Retailers

January 2003

Every major commodity group posted gains in January, with the exception of a decrease in hardware and lawn and garden product sales. Health and personal care products posted the strongest increase, up 19.3% from January 2002. Overall sales in January for the group of large retailers were up 7.6% from January 2002 to \$6.3 billion. (All data in this release are unadjusted for seasonality and all percentages are year-over-year changes.)

Sales by commodity for the group of large retailers

Commodities	Dec. 2002 ^r	Jan. 2002	Jan. 2003 ^p	Jan. 2002 to Jan. 2003
	Unadjusted			
	\$ millions			% change
Food and beverages	2,601	2,150	2,281	6.1
Clothing, footwear and accessories	2,263	893	938	5.1
Home furnishings and electronics	1,901	926	947	2.3
Health and personal care products	848	542	646	19.3
Housewares	447	306	326	6.5
Sporting and leisure goods	851	258	286	10.7
Hardware and lawn and garden products	277	155	149	-4.0
All other goods and services	988	645	750	16.3
Total	10,177	5,875	6,324	7.6

^r Revised figures.

^p Preliminary figures.

Health and personal care product sales continued to grow rapidly in 2003. This category was consistently strong in 2002, with an average year-over-year increase of 12.7% for the group of large retailers. Strong sales of drugs (which include prescription and over-the-counter drugs, as well as vitamins and herbal remedies) and toiletries and personal care products (not including cosmetics and fragrances) provided the largest contributions to the increase in January.

The other goods and services category posted the second strongest year-over-year gain among the major commodity groups in January (+16.3%). Sales of tobacco products and automotive fuels, oils and additives were the driving forces behind this increase. However, a year-over-year jump in the price of tobacco (+31.1%) and gasoline (+25.1%) were major factors

in this increase. In real terms, tobacco sales declined and automotive fuels sales were up slightly from January 2002.

Clothing, footwear and accessories rose 5.1% in January, well above the average pace of 2.9% seen in 2002. Within this category, women's (+6.8%) and men's (+5.2%) clothing sales both posted increases. Footwear was the only category showing significant sales declines in January, falling 5.7% from January 2002.

The only major commodity group sales to decline from January 2002 was hardware and lawn and garden products (-4.0%). Sales declined in almost all of the sub-groups, with the notable exception of a 12.5% increase in outdoor power equipment sales.

Note: This survey includes large retailers mainly in the food, clothing, home furnishings, electronics, sporting goods, and general merchandise sectors. These retailers represent about 38% of total annual retail sales, excluding recreational and motor vehicle dealers.

Available on CANSIM: table 080-0009.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 5027.

A data table is also available in the *Canadian Statistics* module of Statistics Canada's website (www.statcan.ca).

For general information or to order data, contact Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca). To enquire about the concepts, methods or data quality of this release, contact Elton Cryderman (613-951-0669; elton.cryderman@statcan.ca), Distributive Trades Division. ■

Restaurants, caterers and taverns

January 2003

Total receipts of restaurants, caterers and taverns in January were an estimated \$2.53 billion, up 4.1% from the January 2002 estimate.

Available on CANSIM: table 355-0001.

The January 2003 issue of *Restaurant, caterer and tavern statistics* (63-011-XIE, \$6/\$55) will be available soon. See *How to order products*.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Bill Birbeck (613-951-3506), Service Industries Division. ■

Employer pension plans (trusteed pension funds)

Third quarter 2002

The value of the assets in employer pension plans (also called Registered Pension Plans or RPPs) represents about 71% of the total retirement savings of the combined value of RPPs, RRSPs, and the Canada and Quebec pension plans. Of total RPP assets, about 73% are in trusteed pension funds that are invested in the financial markets. Financial market volatility has a profound effect on the value of invested assets, as was demonstrated by the results of the Survey of Trusteed Pension Funds for the third quarter of 2002. Total assets were valued at \$527.6 billion, a drop of 6% from the second quarter. Over the period from June 30 to September 30, the TSX, a measure of stock prices, lost 13.5% of its value.

At the end of the third quarter, trusteed pension funds reported expenditures of \$18.1 billion and revenues of \$10.3 billion, resulting in a negative cash flow of \$7.8 billion for that quarter. Losses on the sale of stocks were responsible for the high expenditures. Losses were heavy because fund managers sold off stocks at a time when the selling price was lower than the original purchase price. Fund managers followed this strategy in an effort to rebalance their overall investment portfolios. Managers had followed the same strategy in the second quarter of 2002, as well as in the third and fourth quarters of 2001.

The overall market-to-book ratio for all trusteed pension fund assets was 97.2, which means that at the end of the third quarter, fund assets held only 97.2% of the value originally paid for them. Market-to-book ratios varied with the type of asset, ranging from a low of 92.5 for stocks to 108.5 for real estate.

With the release of third quarter results, all data have been revised back to the beginning of 2001. The data are revised to correct reporting errors, late reports, and to include three new public sector funds reporting for the first time in the third quarter: the RCMP, the Canadian Forces, and the federal Public Service. The revised data include estimates for the three new funds back to June 2001, when they first became active.

Available on CANSIM: table 280-0002 to 280-0004.

Information on methods and data quality available in the Integrated Meta Data Base: survey number 2607.

For more information, or to enquire about the concepts, methods, or data quality of this release, contact Client Services (1-888-297-7355; 613-951-7355; fax: 613-951-3012; income@statcan.ca), Income Statistics Division. ■

Small area retail trade estimates 2000

Small area retail trade estimates for sales and number of stores are now available for 2000.

Small area data are tabulated by Canada Post geographic areas. For urban delivery areas, the estimates are available at the forward sortation area level (the first three digits of the postal code). For rural areas, estimates are available at the six-digit postal code level.

Estimates within these geographic areas are based on the North American Industry Classification System. Data are available to the five-digit level of industrial detail, subject to confidentiality.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Marketing and Client Services (1-877-421-3067; 613-951-3549; retailinfo@statcan.ca), Distributive Trades Division. ■

NEW PRODUCTS

Alternative work practices and quit rates: methodological issues and empirical evidence for Canada, no. 199
Catalogue number 11F0019MIE
(free).

Scientific and technological activities of provincial governments, 1993-1994 to 2001-2002, no. 4
Catalogue number 88F0006XIE
(free).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

Catalogue numbers with an -XIB or an -XIE extension are Internet versions; those with -XMB or -XME are microfiche; -XPB or -XPE are paper versions; -XDB are electronic versions on diskette and -XCB are electronic versions on compact disc.

How to order products

Order products by phone:

Please refer to the • Title • Catalogue number • Volume number • Issue number • Your VISA or MasterCard number.

In Canada and the United States call:

1-800-267-6677

From other countries call:

1-613-951-7277

To fax your order:

1-877-287-4369

Address changes or account inquiries:

1-800-700-1033

To order a product by mail write: Statistics Canada, Circulation Management, Dissemination Division, Ottawa, K1A 0T6. Include a cheque or money order payable to **Receiver General of Canada/Publications**. Canadian customers add 7% GST and applicable PST.

To order by Internet: write to order@statcan.ca or download an electronic version by accessing Statistics Canada's Web site (www.statcan.ca) under the headings *Our products and services* and *Publications for sale (\$)*.

Authorized agents and bookstores also carry Statistics Canada's catalogued publications.

Catalogue 11-001-XIE (Parque 11-001-XIE) ISSN 0897-6445



Statistics Canada

Thursday, June 3, 1997
For release at 9:30 a.m.

MAJOR RELEASES

- **Urban transit, 1995** 2
Change the statistics on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 45 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1995** 4
Growth in productivity among Canadian businesses was noticeably weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

OTHER RELEASES

- **Help-wanted index, May 1997** 3
- **Short-term Expectations Survey** 2
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, April 1997** 12

PUBLICATIONS RELEASED 11

Statistics Canada / Statistique Canada

Statistics Canada's official release bulletin

Catalogue 11-001-XIE.

Published each working day by the Communications Division, Statistics Canada, 10-H, R.H. Coats Bldg., Tunney's Pasture, Ottawa, Ontario K1A 0T6.

To access *The Daily* on the Internet, visit our site at <http://www.statcan.ca>. To receive *The Daily* each morning by e-mail, send an e-mail message to listproc@statcan.ca. Leave the subject line blank. In the body of the message, type "subscribe daily firstname lastname".

Published by authority of the Minister responsible for Statistics Canada. © Minister of Industry, 2003. Citation in newsprint, magazine, radio, and television reporting is permitted subject to the requirement that Statistics Canada is acknowledged as the source. Any other reproduction is permitted subject to the requirement that Statistics Canada is acknowledged as the source on all copies as follows: Statistics Canada, *The Daily*, catalogue 11-001-XIE, along with date and page references.